

**Amendments to and Listing of the Claims:**

Please amend claims 1 and 25 as follows:

1. (currently amended) A method for managing selection and insertion of advertisements, the method comprising:

determining an avail bandwidth and subscriber characteristics for an advertisement opportunity within a program stream;

receiving, from a plurality of advertisers, a plurality of requests for advertisement presentation, each request associated with an advertisement and including a maximum bid, advertisement characteristics comprising intended target market characteristics and minimum bandwidth requirements, wherein the minimum bandwidth requirements ~~represent~~ identify a required amount of bandwidth available within the program stream for the advertisement to be inserted, wherein each of the plurality of requests may be fulfilled by inserting the associated advertisements into one of a plurality of available advertisement opportunities;

selecting a targeted advertisement from the plurality of requests for insertion into the advertisement opportunity based at least in part on the maximum bid, the minimum bandwidth requirements and a correlation between the intended target market characteristics and the subscriber characteristics, wherein a price for inserting the targeted advertisement is calculated based on the correlation, ~~but does not exceed the maximum bid~~; and

compressing, based at least in part on the avail bandwidth, the selected targeted advertisement such that the minimum bandwidth requirements are satisfied.

2. (cancelled)

3. (previously presented) The method of claim 1, wherein said selecting a targeted advertisement includes selecting an advertisement having minimum bandwidth requirements less than or equal to the avail bandwidth.

4. (cancelled)

5. (previously presented) The method of claim 1, wherein said determining subscriber characteristics includes receiving node characteristics that are an aggregate of the subscriber characteristics for subscribers associated with a node.

6. (previously presented) The method of claim 1, wherein said determining subscriber characteristics includes receiving the subscriber characteristics from publicly available data.

7. (previously presented) The method of claim 6, wherein the publicly available data includes real estate records and tax assessment records.

8. (previously presented) The method of claim 1, wherein said determining subscriber characteristics includes receiving subscriber characteristics associated with a group of subscribers.

9. (cancelled)

10. (previously presented) The system of claim 1, wherein the intended target market characteristics include demographics.

11. (previously presented) The method of claim 10, wherein a probabilistic distribution is assigned to various demographic attributes.

12. (previously presented) The method of claim 1, further comprising inserting the compressed selected targeted advertisement into the avail.

13. (previously presented) The method of claim 12, further comprising delivering the compressed selected targeted advertisement to at least some subset of the subscribers.

14. (previously presented) The method of claim 13, wherein the subset includes individual subscribers.

15. (previously presented) The method of claim 13, wherein the subset includes a group of subscribers.

16. (previously presented) The method of claim 15, wherein the group of subscribers are generated based on connectivity.

17. (previously presented) The method of claim 13, wherein the subscribers include at least some subset of individuals, households, and groups.

18. (previously presented) The method of claim 1, wherein said determining includes determining the avail bandwidth for the advertisement opportunity within a program stream that is part of a multiplexed stream having a plurality of program streams, wherein the multiplexed stream is allocated a multiplex bandwidth and the multiplex bandwidth is divided among the plurality of program streams into program bandwidths, the program bandwidth allocated based on bit rate associated with program contents, and wherein the avail bandwidth is based on the bandwidth available in the multiplexed stream during the advertisement opportunity.

19-21. (cancelled)

22. (previously presented) A computer implemented method for managing selection and insertion of advertisements into a program stream, the method comprising:

receiving, at a first computing device, a program stream having a time varying bit rate and at least one advertisement insertion opportunity, and wherein the at least one advertisement insertion opportunity has an advertisement insertion opportunity bit rate and subscriber characteristics associated therewith;

receiving, from a plurality of advertisers, a plurality of requests for advertisement presentation, each request associated with an advertisement and comprising a maximum bid, intended target market characteristics and a minimum acceptable bit rate, wherein

each of the plurality of requests may be fulfilled by inserting the associated advertisements into one of a plurality of available advertisement opportunities;

selecting a targeted advertisement for insertion from the received plurality of requests based at least in part on the received maximum bids and a determination that the intended target market characteristics have a sufficient level of comparison to the associated subscriber characteristics; and

compressing the selected targeted advertisement when the minimum acceptable bit rate is less than the advertisement insertion opportunity bit rate.

23. (previously presented) The method of claim 22, further comprising halting the insertion of the compressed targeted advertisement when the minimum acceptable bit rate is greater than the advertisement insertion opportunity bit rate.

24. (cancelled)

25. (currently amended) A method for selecting advertisements for insertion into a program stream having a plurality of advertisement opportunities, the method comprising:

determining an avail bandwidth and subscriber characteristics for a first advertisement opportunity in the program stream;

receiving, from a plurality of advertisers, a plurality of advertisement presentation requests, each request corresponding to a desired advertisement and including a maximum bid and advertisement characteristics for the desired advertisement, the

advertisement characteristics comprising intended target market characteristics and minimum bandwidth requirements;

selecting a targeted advertisement from the plurality of advertisement presentation requests based at least in part on the maximum bid and a correlation between the intended target market characteristics and the subscriber characteristics, wherein a price for inserting the winning advertisement is calculated based on the correlation, ~~but does not exceed the maximum bid~~; and

compressing, based at least in part on the avail bandwidth, the targeted advertisement such that the minimum bandwidth requirements are satisfied.